NEWMONT MINING CORP /DE/
Form 10-Q/A
April 11, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED September 30, 2002

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from____________ to____________

Commission File Number: 001-31240

NEWMONT MINING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**84-1611629**
(State or other jurisdiction incorporation or organization)	**(I.R.S. Employer Identification No.)**
1700 Lincoln Street, Denver, Colorado	**80203**
(Address of principal executive offices)	**(Zip Code)**

303-863-7414

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). x Yes ¨ No

There were 352,366,303 shares of common stock outstanding on November 11, 2002 (and 49,337,593 exchangeable shares).

Explanatory Note

This Amendment No. 1 on Form 10-Q/A (this Amendment) amends the Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, filed November 14, 2002. The Company has filed this Amendment to give effect to the restatement of the Company s financial statements as of and for the nine months ended September 30, 2002 and 2001 as discussed in Note 18 to the Consolidated Financial Statements. As further discussed in Note 18, Newmont had determined that certain adjustments are required to the Consolidated Financial Statements for the three-month periods and nine-month periods ended September 30, 2002 and 2001 and at September 30, 2002. The Company is making adjustments relating to (1) the accounting for a prepaid forward gold sales contract and forward gold purchase contract entered into in July 1999, (2) correcting depreciation rates on certain mining assets at the Company s subsidiary, Minera Yanacocha, (3) depreciation and deferred stripping calculations to exclude material other than proven and probable reserves at the Company s equity accounted Batu Hijau operation, (4) including depreciation, depletion and amortization expense (DD&A) as a capitalized cost in inventory and (5) properly amortizing acquired mineral interests. The adjustments reflected in this filing are described in more detail in Note 18 to this filing. Supplementally effective January 1, 2002, the Company has changed its accounting policy with respect to depreciation, depletion and amortization to exclude future estimated development costs expected to be incurred for certain underground operations. Although we have revised this Amendment to give effect to the adjustments described above and in Note 18, other information contained herein has not been updated. Therefore, you should read this Amendment together with our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, our Amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2001 and our Amended Quarterly Reports on Form 10-Q/A for the quarters ended March 31 and June 30, 2002, as amended to the date hereof or as subsequently amended, as well as the other documents that we have filed with the Securities and Exchange Commission. Information in such reports and documents updates and supersedes certain information contained in this Amendment.

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Unaudited. As restated. See Note 18.

	Three Months Ended September 30,	
	2002	2001
	(in thousands, except per share)	
Sales and other income		
Sales gold	$ 697,829	$ 424,397
Sales base metals, net	14,339	
Royalties	7,900	268
Dividends, interest, foreign currency exchange and other income (loss)	8,278	(3,559)
	728,346	421,106
Costs and expenses		
Costs applicable to sales gold	410,206	282,452
Costs applicable to sales base metals	10,450	
Depreciation, depletion and amortization	133,649	65,342
Exploration and research	25,356	12,843
General and administrative	29,742	13,677
Interest, net of capitalized interest of $1,618 and $2,881, respectively	33,082	24,643
Write-down of assets	21,994	2,842
Other	7,108	2,953
	671,587	404,752
Operating income	56,759	16,354
Gain (loss) on derivative instruments	(11,191)	943
Pre-tax income before minority interest and equity income of affiliates	45,568	17,297
Income tax (expense) benefit	(10,756)	8,226
Minority interest in income of subsidiaries	(32,495)	(21,230)
Equity income of affiliates	18,443	9,679
Net income	20,760	13,972
Preferred stock dividends		(1,870)

Net income applicable to common shares	$ 20,760	$ 12,102
Net income	$ 20,760	$ 13,972
Other comprehensive income (loss), net of tax	(75,443)	6,789
Comprehensive income (loss)	$ (54,683)	$ 20,761
Net income per common share, basic and diluted	$ 0.05	$ 0.06
Basic weighted average common shares outstanding	401,422	195,880
Diluted weighted average common shares outstanding	402,960	196,068
Cash dividends declared per common share	$ 0.03	$ 0.03

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Unaudited. As restated. See Note 18.

	Nine Months Ended September 30,	
	2002	**2001**
	(in thousands, except per share)	
Sales and other income		
Sales gold	$ 1,789,579	$ 1,215,795
Sales base metals, net	46,644	
Royalties	22,902	447
Gain on sale of marketable securities of Lihir	47,298	
Dividends, interest, foreign currency exchange and other income	23,536	3,140
	1,929,959	1,219,382
Costs and expenses		
Costs applicable to sales gold	1,106,616	808,997
Costs applicable to sales base metals	29,572	
Depreciation, depletion and amortization	359,437	222,015
Exploration and research	55,711	43,463
General and administrative	78,709	44,552
Interest, net of capitalized interest of $3,912 and $9,523, respectively	99,320	71,357
Write-down of assets	37,891	9,986
Merger and restructuring		60,510
Other	6,187	8,203
	1,773,443	1,269,083
Operating income (loss)	156,516	(49,701)
Gain (loss) on derivative instruments	(14,338)	1,797
Pre-tax income (loss) before minority interest, equity income of affiliates and cumulative effect of a change in accounting principle	142,178	(47,904)
Income tax (expense) benefit	(41,765)	12,181
Minority interest in income of subsidiaries	(62,329)	(44,646)
Equity income of affiliates	37,167	13,448
Net income (loss) before cumulative effect of a change in accounting principle	75,251	(66,921)
Cumulative effect of a change in accounting principle, net of tax of $4,147 (Note 12)	7,701	
Net income (loss)	82,952	(66,921)
Preferred stock dividends	(3,738)	(5,607)
Net income (loss) applicable to common shares	$ 79,214	$ (72,528)
Net income (loss)	$ 82,952	$ (66,921)

Other comprehensive income (loss), net of tax	(17,737)	12,088
Comprehensive income (loss)	$ 65,215	$ (54,833)
Net income (loss) before cumulative effect of a change in accounting principle per common share, basic and diluted	$ 0.20	$ (0.37)
Cumulative effect of a change in accounting principle per common share, basic and diluted	0.02	
Net income (loss) per common share, basic and diluted	$ 0.22	$ (0.37)
Basic weighted average common shares outstanding	360,577	194,720
Diluted weighted average common shares outstanding	362,023	194,720
Cash dividends declared per common share	$ 0.09	$ 0.09

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30, 2002	December 31, 2001
	(unaudited) As restated. See Note 18.	
	(in thousands)	
ASSETS		
Cash and cash equivalents	$ 292,148	$ 149,431
Short-term investments	15,418	8,185
Accounts receivable	39,041	19,088
Inventories	569,234	452,114
Marketable securities of Lihir		66,918
Current portion of deferred stripping costs	44,013	71,486
Prepaid taxes	36,874	29,229
Current portion of deferred income tax assets	28,700	7,792
Other current assets	113,555	42,780
Current assets	1,138,983	847,023
Property, plant and mine development, net	2,337,493	1,930,249
Mineral interests and other intangibles, net	1,847,247	176,998
Investments	1,012,976	543,324
Deferred stripping costs	18,859	20,145
Long-term inventories	141,334	117,692
Derivative instruments	3,889	
Deferred income tax assets	504,824	403,447
Other long-term assets	173,426	102,810
Goodwill	2,568,935	
Total assets	$ 9,747,966	$ 4,141,688
LIABILITIES		
Current portion of long-term debt	$ 100,931	$ 192,151
Accounts payable	124,896	80,884
Current portion of deferred income tax liabilities	39,144	32,919
Derivative instruments	65,034	
Other accrued liabilities	325,799	214,065
Current liabilities	655,804	520,019
Long-term debt	1,725,428	1,234,718
Reclamation and remediation liabilities	260,287	176,934
Deferred revenue from sale of future production	53,841	53,841
Derivative instruments	391,748	
Deferred income tax liabilities	549,247	140,800
Employee related benefits	167,382	159,542
Other long-term liabilities	197,299	93,220
Total liabilities	4,001,036	2,379,074
Commitments and contingencies (Notes 8, 9 and 16)		
Minority interest in subsidiaries	349,090	262,848

STOCKHOLDERS EQUITY		
Convertible preferred stock		11,500
Common stock	559,734	313,881
Additional paid-in capital	5,060,613	1,458,369
Accumulated other comprehensive loss	(27,185)	(9,448)
Retained deficit	(195,322)	(274,536)
Total stockholders equity	5,397,840	1,499,766
Total liabilities and stockholders equity	$ 9,747,966	$ 4,141,688

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

STATEMENTS OF CONSOLIDATED CASH FLOWS

Unaudited. As restated. See Note 18.

	Nine Months Ended September 30,	
	2002	**2001**
	(in thousands)	
Operating activities:		
Net income (loss)	$ 82,952	$ (66,921)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	359,437	222,015
Amortization of deferred stripping costs, net	28,759	19,389
Deferred tax benefit	(26,685)	(40,797)
Foreign currency exchange (gain) loss	(9,990)	5,283
Write-down of assets	37,891	9,986
Minority interest, net of dividends	58,329	39,447
Undistributed earnings of affiliated companies	(27,542)	(13,448)
Cumulative effects of changes in accounting principles, net of tax	(7,701)	
Gain on sale of marketable securities of Lihir	(47,298)	
Noncash merger and restructuring expenses		14,667
Gain on sale of assets and other	(5,915)	(7,592)
(Increase) decrease in operating assets:		
Accounts receivable	17,765	(2,502)
Inventories	(11,926)	49,402
Other assets	49,013	21,785
Increase (decrease) in operating liabilities:		
Accounts payable and other accrued liabilities	(25,474)	(41,216)
Other liabilities	(26,471)	13,531
Net cash provided by operating activities	445,144	223,029
Investing activities:		
Additions to property, plant and mine development	(238,171)	(318,067)
Proceeds from sale of short-term investments	407,443	
Proceeds from sale of marketable securities of Lihir	84,002	
Proceeds from settlement of cross currency swaps	50,816	
Net cash effect of acquisitions	(88,114)	
Repayments from (advances to) joint ventures and affiliates	(24,750)	8,780
Proceeds from asset sales and other	18,459	2,073
Net cash provided by (used in) investing activities	209,685	(307,214)
Financing activities:		
Repayment of short-term debt		(10,000)
Proceeds from long-term debt	493,371	1,013,550
Repayment of long-term debt	(1,026,858)	(931,196)
Dividends paid on common and preferred stock	(37,931)	(23,219)

Decrease in restricted cash		40,000
Proceeds from stock issuances	67,964	5,366
Other	(4)	479
Net cash provided by (used in) financing activities	(503,458)	94,980
Effect of exchange rate changes on cash	(8,654)	2,163
Net change in cash and cash equivalents	142,717	12,958
Cash and cash equivalents at beginning of period	149,431	77,558
Cash and cash equivalents at end of period	$ 292,148	$ 90,516
Supplemental information:		
Interest paid, net of amounts capitalized of $3,912 and $9,523, respectively	$ 95,624	$ 65,389
Income taxes paid, net of refunds	$ 65,920	$ 56,379

See Notes to Consolidated Financial Statements

NEWMONT MINING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) Basis of Preparation of Financial Statements and Supplemental Accounting Policy Information

These unaudited interim consolidated financial statements of Newmont Mining Corporation and its subsidiaries (collectively, Newmont or the Company) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Such rules and regulations allow the omission of certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles as long as the statements are not misleading. In the opinion of management, all adjustments necessary for a fair presentation of these interim statements have been included, including adjustments designed to capture the restatements described below. These adjustments are of a normal recurring nature except for the restatement adjustments described below. These interim financial statements should be read in conjunction with the consolidated financial statements of Newmont included in its 2002 Annual Report on Form 10-K filed March 27, 2003, its 2001 Annual Report on Form 10-K, including Amendment No. 1, filed on March 20, 2003 and information on Form 8-K dated February 15, 2002, including Amendment No.1, filed on April 16, 2002, as well as any subsequent amendments to the Form 10-K and the Form 8-K.

The preparation of Newmont s financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Consolidated Financial Statements, as well as the reported amount of revenues and expenses during the reporting period. The most critical accounting principles upon which Newmont s financial position and results of operations depends are those requiring estimates of proven and probable reserves, recoverable ounces therefrom, Newmont s ability to renew the mining leases upon which certain of those reserves are located, and/or assumptions of future gold prices. Such estimates and assumptions affect the value of inventories (which are stated at the lower of average cost or net realizable value), the potential impairment of long-lived assets and the ability to realize income tax benefits associated with deferred tax assets. These estimates and assumptions also affect the rate at which depreciation, depletion and amortization (DD&A) are charged to earnings. As noted above, commodity prices significantly affect Newmont s profitability and cash flow. In addition, management estimates costs associated with reclamation of mining properties as well as remediation costs for inactive properties as described below. On an ongoing basis, management evaluates its estimates and assumptions; however, actual amounts could differ from those based on such estimates and assumptions.

On February 13, 2002, Newmont stockholders approved adoption of an Agreement and Plan of Merger that provided for a restructuring of Newmont to facilitate the February 2002 acquisitions described below and to create a flexible corporate structure. Newmont merged with an indirect, wholly-owned subsidiary that resulted in Newmont (or Old Newmont) becoming a direct, wholly-owned subsidiary of a newly formed holding company. The new holding company, previously a direct, wholly-owned subsidiary of Old Newmont, was renamed Newmont Mining Corporation. There was no impact to the Consolidated Financial Statements of Newmont as a result of this restructuring and former stockholders of Old Newmont became stockholders of the new holding company. Old Newmont was subsequently renamed Newmont USA Limited.

Restatements

As further discussed in Note 18, Newmont has determined that certain adjustments are required to restate the Consolidated Financial Statements for the three-month and nine-month periods ended September 30, 2002 and 2001 and at September 30, 2002. Overall the adjustments decreased net income in the third quarters of 2002 and 2001 by $3.3 million or $0.01 per share and $9.4 million or $0.05 per share, respectively, and decreased the net income for the nine months ended September 30, 2002 by $7.6 million or $0.02 per share and increased the net loss for the nine months ended September 30, 2001 by $21.5 million, or $0.11 per share. The adjustments also increased the Stockholders equity of the Company at September 30, 2002 by $22.7 million. The adjustments were necessary (i) to account for a prepaid forward sales contract and a forward purchase contract as a single borrowing; (ii) to correct depreciation rates on certain mining assets at the Company s subsidiary, Minera Yanacocha; (iii) to record the impact in the Company s investment in Batu Hijau, accounted for under the equity method, for correcting its depreciation and deferred stripping calculations so as to exclude material other than proven and probable reserves; (iv) to include depreciation, depletion and amortization expense as a capitalized cost in inventory; and (v) to properly amortize acquired mineral interests. See Note 18 for a detailed description of the effects of this restatement. All amounts in the accompanying footnotes have been adjusted for these restatements as appropriate.

Newmont has restated the Financial Statements contained in its previously filed Amendment No. 1 to the March 31, 2002 Form 10-Q/A, the June 30, 2002 Form 10-Q and the December 31, 2001 Form 10-K to reflect the restatement adjustments discussed in Note 18.

Inventories

In general, costs that are incurred in or benefit the productive process are inventoried. Inventories are carried at the lower of average cost or net realizable value. The current portion of inventories is determined based on the expected amounts to be processed within the next twelve months. Inventories not expected to be processed within the next twelve months are classified as long-term.

The major classifications of inventory are as follows:

Stockpiles

Stockpiles represent coarse ore that has been extracted from the mine and is available for further processing. Stockpiles are measured by estimating the number of tons (via truck counts and/or in-pit surveys of the ore before stockpiling) added and removed from the stockpile, the number of contained ounces (based on assay data) and the recovery percentage (based on the process for which the ore is destined). Stockpile tonnages are verified by periodic surveys. Stockpiles are valued based on mining costs incurred up to the point of stockpiling the ore, including applicable depreciation, depletion and amortization relating to mining operations. Value is added to a stockpile based on the current mining cost per ton plus applicable depreciation, depletion and amortization and removed at the average cost per recoverable ounce of gold in the stockpile

Ore on Leach Pads

The recovery of gold from certain oxide ores is best achieved through the heap leaching process. Under this method, ore is placed on leach pads where it is permeated with a chemical solution, which dissolves the gold contained in the ore. The resulting pregnant solution is further processed in a leach plant where the gold-in-solution is recovered. For accounting purposes, value is added to leach pads based on current mining costs, including applicable depreciation, depletion and amortization relating to mining operations. Value is removed from the leach pad as ounces are recovered in circuit at the leach plant based on the average cost per recoverable ounce of gold on the leach pad.

The engineering estimates of recoverable gold on the leach pads are calculated from the quantities of ore placed on the pads (measured tons added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on the leach process and ore type). In general, the leach pad production cycles project recoveries of approximately 50% to 70% of the placed recoverable ounces in the first year of leaching, declining each year thereafter until the leaching process is complete.

Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold from a pad will not be known until the leaching process is terminated.

The current portion of leach pad inventories is determined based on engineering estimates of the quantities of gold at the balance sheet date that are expected to be recovered during the next twelve months.

In-process

In-process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries of the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine, stockpile or leach pad plus the in-process conversion costs, including applicable depreciation relating to the process facility, incurred to that point in the process.

Precious Metals

Precious metals inventories represent saleable gold doré or gold bullion and are valued at the average cost of the respective in-process inventories incurred prior to the refining the process, plus refining costs.

Deferred Stripping Costs

In general, mining costs are charged to *Costs applicable to sales* as incurred. However, at open-pit mines, which have diverse grades and waste-to-ore ratios over the mine life, the Company defers and amortizes certain mining costs on a units-of-production (UOP) basis over the life of the mine. These mining costs, which are commonly referred to as deferred stripping costs, are incurred in mining activities that are normally associated with the removal of waste rock. The deferred stripping accounting method is generally accepted in the mining industry where mining operations have diverse grades and waste-to-ore ratios; however industry practice does vary. Deferred stripping matches the costs of production with the sale of such production at the Company s operations where it is employed, by assigning each ounce of gold with an equivalent amount of waste removal cost. If the Company were to expense stripping costs as incurred, there may be greater volatility in the Company s period-to-period results of operations.

At the Company s gold mining operations, deferred stripping costs are charged to *Costs applicable to sales* as gold is produced and sold using the UOP method based on estimated recoverable ounces of proven and probable gold reserves, using a stripping ratio calculated as the ratio of total tons to be moved to total proven and probable ore reserves, and result in the recognition of the costs of waste removal activities over the life of the mine as gold is produced and sold. The application of the deferred stripping accounting method generally results in an asset on the balance sheet (*Deferred stripping costs*), although a liability will arise if amortization exceeds costs deferred.

At the Company s equity accounted Batu Hijau operation, deferred stripping costs are charged to *Production costs* as copper and gold are produced and sold using the UOP method based on estimated recoverable pounds and ounces, respectively, of proven and probable ore reserves, using a stripping ratio based on total tons to be moved to total pounds of copper and ounces of gold to be recovered over the life of the mine. In the fourth quarter of 2002, NTP determined that PTNNT had incorrectly included material other than proven and probable reserves in its deferred stripping calculations. As a result, NTP has restated its financial statements beginning with the fourth quarter of 1999 through the third quarter of 2002. (See Note 18.)

The average remaining life of the open-pit mine operations where the Company defers mining costs is six years, which represents the average time period over which the deferred stripping costs will be amortized. The amortization of deferred stripping costs is reflected in the income statement over the remaining life of the open-pit mine operations so that no unamortized balance remains at mine closure. Cash flows from the Company s individual mining operations are reviewed regularly, and at least annually, for the purpose of assessing whether any write downs to the deferred stripping cost balances are required.

Historically, Newmont classified deferred stripping costs as a component of *Property, Plant and Mine Development* on the *Consolidated Balance Sheets*. Effective January 1, 1999, Newmont has classified these costs as separate line items, *Deferred stripping costs* and *Current portion of deferred stripping costs*, on the *Consolidated Balance Sheets.* Total deferred stripping costs as of September 30, 2002 and December 31, 2001 of $62.9 million and $91.6 million, include current portions of $44.0 million and $71.5 million, respectively. In addition, Newmont has historically classified additions to deferred stripping costs as a component of *Additions to property, plant and mine development* in *Investing activities* in the *Statements of Consolidated Cash Flows*. Effective January 1, 1999, Newmont also has classified additions to deferred stripping costs as a component of *Amortization of deferred stripping costs, net* in *Operating activities* in the *Statements of Consolidated Cash Flows*. Additions to deferred stripping costs for the nine-month periods ended September 30, 2002 and 2001 of $13.5 million and $11.3 million, respectively, have been reclassified to conform to the current presentation. The foregoing changes, which have no impact to reported earnings, have been made to more accurately reflect the operating nature of the deferred stripping method.

Property, Plant and Mine Development

Expenditures for new facilities or expenditures that extend the useful lives of existing facilities are capitalized and depreciated using the straight-line method at rates sufficient to depreciate such costs over the estimated productive lives of such facilities. Productive lives range from 2 to 21 years, but do not exceed the related estimated mine life based on proven and probable reserves.

Mineral exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs incurred prospectively to develop the property are capitalized as incurred and are amortized using the UOP method over the estimated life of the ore body based on estimated recoverable ounces mined from proven and probable reserves. At the Company s surface mines, these costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. At the Company s underground mines, these costs include the building of access ways, shaft sinking and access, lateral development, drift development, ramps and infrastructure development.

Major development costs incurred after the commencement of production, including estimated costs to be incurred during the calendar year at certain underground mining operations, are amortized using the UOP method based on estimated recoverable ounces mined from proven and probable reserves. To the extent that these costs benefit the entire ore body, they are amortized over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortized over the specific ore area.

Ongoing development expenditures to maintain production are charged to operations as incurred.

During the third quarter of 2002, Newmont changed its accounting policy, retroactive to January 1, 2002, with respect to DD&A of Property, Plant and Mine Development to exclude future estimated development costs expected to be incurred for certain underground operations. Previously, the Company had included these costs and associated reserves in its DD&A calculations at certain of its underground mining operations. In addition, the Company further revised its policy such that costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are depreciated, depleted or amortized over the reserves associated with

the specific ore area. These changes were made to better match DD&A with the associated ounces of gold sold and to remove the inherent uncertainty in estimating future development costs in arriving at DD&A rates. See discussion of accounting changes in Note 12.

Interest expense allocable to the cost of developing mining properties and to constructing new facilities is capitalized until assets are ready for their intended use.

Mineral Interests and Other Intangible Assets

Mineral interests and other intangible assets include acquired proven and probable reserves, undeveloped mineral interests and royalty interests.

Mineral Interests

Undeveloped mineral interests include: (i) *Other mineralized material* includes primarily inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; and inferred material in close proximity to proven and probable reserves; (ii) *Around-mine exploration potential* includes primarily inferred material not immediately adjacent to existing reserves and mineralization but located within the immediate mine infrastructure; and (iii) *Other exploration potential* is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area.

Proven and probable reserves are amortized on a UOP basis over the respective mine lives. Undeveloped mineral interests are amortized on a straight-line basis over their estimated useful lives taking into account residual values. At such time as an undeveloped mineral interest is converted to proven and probable reserves, the remaining unamortized basis is amortized on a UOP basis as described above.

Royalty Interests

Royalty interests associated with proven and probable reserves are amortized on a UOP basis over the respective mine lives based on proven and probable reserves. Royalty interests associated with undeveloped mineral interests are amortized on a straight-line basis over their estimated useful lives. At such time as the associated undeveloped mineral interest is converted to proven and probable reserves, the remaining unamortized basis in the royalty interest is amortized on a UOP basis as described above.

Residual Values

Residual values for undeveloped mineral interests represent the expected fair value of the interests at the time the Company plans to convert, develop, further explore or dispose of the interests. The residual values range from zero to 90% of the gross carrying value of the respective undeveloped mineral interests.

Expected Useful Lives

Determination of expected useful lives for amortization calculations are made on a property-by-property basis. Mineral interests associated with operating mines and royalty interests are amortized over the estimated life of the mine. Mineral interests, not associated with operating mines, generally greenfields exploration properties, would normally be cycled through Newmont s exploration process in 3 to 5 years and accordingly, the Company s amortization period for greenfields exploration properties is the period in which the Company expects to complete its exploration process.

The range of useful lives currently associated with assets amortized on a straight-line basis is from 3 to 35 years. The range of useful lives currently associated with assets amortized on a UOP basis is from 3 to 35 years.

The Company evaluates the residual value and the associated remaining amortization period on a property-by-property basis at least annually. Any changes in estimates of useful lives and residual values are accounted for prospectively from the date of the change in accordance with Accounting Principles Board (APB) Opinion No. 20 Accounting Changes. See Note 5 for additional disclosures associated with *Mineral interests and other intangible assets, net.*

Accounting for Merchant Banking Activities

Newmont accounts for its merchant banking activities on a historical cost basis in a separate wholly-owned subsidiary, which is included in the consolidated financial statements. Merchant banking activities include the development of value optimization strategies for operating and non operating assets, managing the equity investment portfolio, business development activities related to potential merger and acquisition analysis and negotiations, managing and building the royalty business, mobilizing and monetizing inactive exploration properties, capitalizing on Newmont s proprietary technology know-how and acting as an internal resource for other corporate divisions to improve and maximize business outcomes. For segment reporting purposes, the merchant banking business is considered to be a separate operating segment because it engages in activities from which it earns revenues and incurs expenses and its operating results are regularly and separately reviewed by the Chief Operating Decision Maker.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Foreign Currency Translation

The functional currency for the majority of the Company s operations, including the Australian operations, is the U.S. dollar. The functional currency of the Canadian operations is the Canadian dollar. All assets and liabilities recorded in functional currencies other than U.S. dollars are translated at current exchange rates. The resulting adjustments are charged or credited directly to *Accumulated other comprehensive income (loss)* in *Stockholders equity*. Revenues and expenses in foreign currencies are translated at the weighted average exchange rates for the period. All realized and unrealized transaction gains and losses are included in income in *Dividends, interest, foreign currency exchange and other income*. References to A$ refers to Australian currency, CDN$ to Canadian currency and $ or US$, to United States currency.

(2) Acquisitions of Normandy and Franco-Nevada

In November 2001, Newmont announced proposed acquisitions of Normandy Mining Limited (Normandy), an Australian company, and Franco-Nevada Mining Corporation Limited (Franco-Nevada), a Canadian company.

On February 16, 2002, pursuant to a Canadian Plan of Arrangement, Newmont acquired 100% of Franco-Nevada in a stock-for-stock transaction in which Franco-Nevada common stockholders received 0.8 of a share of Newmont common stock, or 0.8 of a Canadian exchangeable share (exchangeable for Newmont common), for each common share of Franco-Nevada. The exchangeable shares are substantially equivalent to Newmont common shares. On February 20, 2002, Newmont obtained control of Normandy through a tender offer for all of the ordinary shares in the capital of Normandy. For accounting purposes, the effective date of the Normandy acquisition was the close of business on February 15, 2002, when Newmont received the irrevocable tender from shareholders for more than 50% of the outstanding shares of Normandy. Accordingly, the results of operations of Normandy and Franco-Nevada have been included in the accompanying financial statements from February 16, 2002 forward. On February 26, 2002, when the tender offer for Normandy expired, Newmont controlled more than 96% of Normandy s outstanding shares. Newmont exercised its rights to acquire the remaining shares of Normandy in April 2002. Consideration paid for Normandy included 3.85 shares of Newmont common stock for every 100 ordinary shares of Normandy (including ordinary shares represented by American depository receipts) plus A$0.50 per Normandy share, or the U.S. dollar equivalent of that amount for Normandy stockholders outside Australia.

Normandy was Australia s largest gold company with interests in 16 development-stage or operating mining properties worldwide. Franco-Nevada was the world s leading precious minerals royalty company and had interests in other investments in the Mining Industry. Following the February 2002 acquisitions, Normandy was renamed Newmont Australia Limited and Franco-Nevada was renamed Newmont Mining Corporation of Canada Limited.

The purchase price for these acquisitions totaled $4.4 billion, composed of 197.4 million Newmont shares (or share equivalents), $462.1 million in cash and approximately $90 million of direct costs. The value of Newmont shares (or share equivalents) was $19.01 per share based on the average market price of the shares over the two-day period before and after January 2, 2002, the last trading day before the final and revised terms for the Normandy and Franco-Nevada acquisitions were announced.

The combination of Newmont, Normandy and Franco-Nevada was designed to create a platform for rational growth and for delivering superior returns to shareholders. With a larger global operating base, a broad and balanced portfolio of development projects and a stable income stream from mineral royalties and investments, the combined company will have opportunities to optimize returns, realize synergies through rationalization of corporate overhead and exploration programs, realize operating efficiencies, reduce operating and procurement costs and reduce interest expense and income taxes. The acquisitions resulted in approximately $2.6 billion of goodwill primarily related to the Merchant Banking business, the combined global exploration expertise and the synergies discussed above.

The acquisitions were accounted for using the purchase method of accounting whereby assets acquired and liabilities assumed were recorded at their fair market values as of the date of acquisition. The excess of the purchase price over such fair value was recorded as goodwill. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, goodwill was assigned to specific reporting units. Goodwill and other identifiable intangibles not subject to amortization will be reviewed for possible impairment at least annually or more frequently when an event or change in circumstances indicates that a reporting unit s carrying amount is greater than its fair value.

The following reflects the preliminary purchase allocation for the acquisition of 100% of Normandy (in millions, except per share data; unaudited):

Shares of Newmont common stock issued to Normandy stockholders, including shares attributable to Franco-Nevada s 19.8% investment in Normandy		86.8
Value of Newmont stock per share	$	19.01
Fair value of Newmont common stock issued	$	1,649.9
Plus-Cash consideration of A$0.50 per share		462.1
Plus-Fair value of Normandy stock options cancelled by Newmont		6.0
Plus-Estimated direct acquisition costs incurred by Newmont		60.0
Plus-Other		1.0
Total Purchase Price		2,179.0
Plus-Fair value of liabilities assumed by Newmont:		
Current liabilities, excluding accrued acquisition costs and settlement of stock options		195.7
Long-term debt, including current portion		935.7
Derivative instrument liabilities		414.5
Other long-term liabilities		453.1
Minority interests acquired		37.2
Less-Fair value of assets acquired by Newmont:		
Current assets		(460.6)
Property, plant and equipment		(435.9)
Mineral interests and other intangible assets		(1,389.6)
Exploration properties		(33.1)
Equity investments in mining operations		(216.5)
Other long-term assets		(279.1)
Residual purchase price allocated to goodwill	$	1,400.4

The following table reflects the preliminary purchase allocation for the acquisition of Franco-Nevada (in millions, except per share data; unaudited):

Shares of Newmont common stock (or equivalents) issued to Franco-Nevada stockholders, excluding shares attributable to Franco-Nevada s 19.8% investment in Normandy		110.6
Value of Newmont stock per share	$	19.01
Fair value of Newmont common stock issued	$	2,101.2
Plus-Fair value of Franco-Nevada options assumed by Newmont		30.4
Plus-Fair value of Franco-Nevada warrants assumed by Newmont		13.3
Plus-Estimated direct acquisition costs incurred by Newmont		30.0
Total Purchase Price		2,174.9
Plus-Fair value of liabilities assumed by Newmont:		
Current liabilities, excluding accrual of acquisition costs		8.5
Other liabilities		209.9
Less-Fair value of assets acquired by Newmont:		
Current assets		(712.6)
Intangible mining royalty properties		(404.2)
Investments in affiliated companies (excluding the 19.8% interest in Normandy)		(108.0)

Residual purchase price allocated to goodwill	$	1,168.5

The purchase price allocations for Normandy and Franco-Nevada are preliminary and were finalized following the completion of an independent appraisal at the end of 2002 (see Note 21). The final purchase price allocations differed from the preliminary allocation presented above, particularly with respect to the amounts allocated to acquired property, plant and mine development, mineral reserves, undeveloped mineral interests, exploration properties, equity investments in mining operations, intangibles and goodwill. The final purchase price allocation may result in increases in future depreciation, depletion and amortization charges. The Company does not currently anticipate this goodwill will be deductible for tax purposes.

For information purposes only, the following unaudited pro forma data reflect the consolidated results of operations of Newmont as if the acquisitions of Normandy and Franco-Nevada had taken place on January 1, 2001 and 2002, respectively, (in millions, except per share data):

	Nine months ended	
	September 30, 2002	**September 30, 2001**
	(unaudited)	
Sales and other income (1)	$ 2,085.3	$ 1,931.4
Net loss applicable to common shares before cumulative effect of a change in accounting principle (1)	$ (67.4)	$ (152.8)
Net loss applicable to common shares (1)	$ (59.7)	$ (152.8)
Basic and diluted loss per common share before cumulative effect of a change in accounting principle (1)	$ (0.17)	$ (0.39)
Basic and diluted loss per common share (1)	$ (0.15)	$ (0.39)
Basic and diluted weighted average common shares outstanding	396.5	392.0

(1) As restated. See Note 18.

On a pro forma basis during the first nine months of 2002 and 2001, the net loss reflects mark-to-market losses on derivative instruments totaling $174.7 million and $132.3 million, respectively, net of tax. The above pro forma amounts do not include the application of hedge accounting prior to the acquisition to significant portions of acquired derivative instruments as hedge accounting documentation was not in place during these periods. The net loss for the first nine months of 2001 includes $43.7 million of expenses, net of tax, associated with Newmont s merger with Battle Mountain Gold Company (Battle Mountain). The pro forma information is not indicative of the results of operations that would have occurred had the acquisitions been consummated on January 1, 2001 and 2002, respectively. The information is not indicative of the combined Company s future results of operations.

The allocation of goodwill to reporting units is preliminary and was finalized by the end of 2002 (see Note 21); therefore, the final allocation differed from the preliminary allocation below (see Note 21). Changes in the carrying amount of goodwill by reporting unit during the first nine months of 2002 are summarized in the following table (in millions, and unaudited):

	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America
Balance at January 1, 2002	$	$	$	$	$	$
Preliminary purchase price allocation	252.6		252.6			
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at March 31, 2002	$ 252.6	$	$ 252.6	$	$	$
Preliminary purchase price allocation for compulsory acquisition of Normandy	9.8		9.8			
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at June 30, 2002	$ 262.4	$	$ 262.4	$	$	$
Balance at September 30, 2002	$ 262.4	$	$ 262.4	$	$	$

	Pajingo	Other Australia	Total Australia	Zarafshan-Newmont	Other International Operations	Total Gold
Balance at January 1, 2002	$	$	$	$	$	$
Preliminary purchase price allocation	75.2	601.1	676.3		288.7	1,217.6
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at March 31, 2002	$ 75.2	$ 601.1	$ 676.3	$	$ 288.7	$ 1,217.6
Preliminary purchase price allocation for compulsory acquisition of Normandy	3.3	26.5	29.8		14.5	54.1
Impairment losses						
Gain (loss) on disposal of separate reporting units						
Balance at June 30, 2002	$ 78.5	$ 627.6	$ 706.1	$	$ 303.2	$ 1,271.7
Balance at September 30, 2002	$ 78.5	$ 627.6	$ 706.1	$	$ 303.2	$ 1,271.7

	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Balance at January 1, 2002	$	$	$	$	$
Preliminary purchase price allocation	159.0		1,130.3		2,506.9
Impairment losses					
Gain (loss) on disposal of separate reporting units					

Balance at March 31, 2002	$ 159.0	$	$ 1,130.3	$	$ 2,506.9
Preliminary purchase price allocation for compulsory acquisition of Normandy	7.9				62.0
Impairment losses					
Gain (loss) on disposal of separate reporting units					
Balance at June 30, 2002	$ 166.9	$	$ 1,130.3	$	$ 2,568.9
Balance at September 30, 2002	$ 166.9	$	$ 1,130.3	$	$ 2,568.9

(3) Inventories

	At September 30, 2002	At December 31, 2001
	(unaudited)	(in thousands)
Current:		
Stockpiles	$ 84,551	$ 168,501
Ore on leach pad	223,328	147,656
In-process	102,711	32,297
Precious metals	51,422	10,179
Materials and supplies	107,112	92,556
Other	110	925
	$ 569,234	$ 452,114
Long-term:		
Stockpiles	$ 81,374	$ 18,464
Ore on leach pad	59,960	99,228
	$ 141,334	$ 117,692

(4) Property, Plant and Mine Development

	At September 30, 2002			At December 31, 2001		
	Cost	Accumulated Depreciation and Depletion	Net Book Value	Cost	Accumulated Depreciation and Depletion	Net Book Value
			(in thousands)			
Land	$ 96,242	$	$ 96,242	$ 86,388	$	$ 86,388
Buildings and equipment	3,942,031	(2,298,121)	1,643,910	3,491,231	(2,068,149)	1,423,082
Mine development	994,940	(584,903)	410,037	842,409	(519,484)	322,925
Construction-in-progress	187,304		187,304	97,854		97,854
Total	$ 5,220,517	$ (2,883,024)	$ 2,337,493	$ 4,517,882	$ (2,587,633)	$ 1,930,249

(5) Mineral Interests and Other Intangible Assets

	At September 30, 2002			At December 31, 2001		
	Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
			(in thousands)			
Mineral Interests:						
Producing property						
Proven and probable reserves	$ 956,383	$ (285,285)	$ 671,098	$ 365,566	$ (205,716)	$ 159,850
Undeveloped mineral interests	411,564	(2,609)	408,955	17,148		17,148
Royalties	300,778	(11,708)	289,070			
	1,668,725	(299,602)	1,369,123	382,714	(205,716)	176,998
Non-producing property						
Proven and probable reserves	130,214		130,214			
Undeveloped mineral interests	244,904	(3,442)	241,462			
Royalties	12,367	(226)	12,141			
	387,485	(3,668)	383,817			
Total mineral interests	2,056,210	(303,270)	1,752,940	382,714	(205,716)	176,998
Oil and gas:						
Producing property						
Royalties	43,552	(2,960)	40,592			
Working interest	24,022	(762)	23,260			
	67,574	(3,722)	63,852			
Non-producing property						
Royalties	13,008		13,008			
Working interest	4,747		4,747			
	17,755		17,755			
Total oil and gas	83,329	(3,722)	81,607			
Other	12,700		12,700			
Total	$ 2,154,239	$ (306,992)	$ 1,847,247	$ 382,714	$ (205,716)	$ 176,998

The Company s mineral interests and oil and gas interests intangible assets are subject to amortization. The aggregate amortization expense for the three month and nine month periods ended September 30, 2002 was $46.9 million and $101.3 million, respectively.

(6) Deferred Stripping Costs

Movements in the deferred stripping costs balance were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(in thousands)			
Opening balance	$ 82,728	$ 121,339	$ 91,631	$ 129,041
Additions	5,355	378	13,455	11,307
Amortization	(25,211)	(12,065)	(42,214)	(30,696)
Closing balance	$ 62,872	$ 109,652	$ 62,872	$ 109,652

(7) Investments

	At September 30, 2002	At December 31, 2001
	(in thousands)	
	(unaudited)	
Investments in affiliates:		
Batu Hijau (1)	$ 597,011	$ 543,324
TVX Newmont Americas	168,564	
Echo Bay Mines	109,796	
Australian Magnesium Corporation	33,526	
Australian Gold Refinery	11,213	
	920,110	543,324
Other:		
Infrastructure bond	92,866	
	$ 1,012,976	$ 543,324

(1) As restated. See Note 18.

Investments in Affiliated Companies

Batu Hijau

Newmont has an indirect 45% interest in P.T. Newmont Nusa Tenggara (PTNNT), the owner of the Batu Hijau copper/gold mine in Indonesia, through its 56.25% interest in the Nusa Tenggara Partnership (NTP) which owns 80% of PTNNT. The equity investment in Batu Hijau was $597.0 million and $543.3 million at September 30, 2002 and December 31, 2001, respectively, based on accounting principles generally accepted in the U.S. Differences between 56.25% of NTP s net assets and Newmont s investment include (i) $197.8 million for the fair market value adjustment recorded by NTP in conjunction with Newmont s initial contribution, (ii) $30.5 million for intercompany charges, (iii) $110.5 million for the fair market value adjustment recorded by Newmont in conjunction with the purchase of a subsidiary minority interest, and (iv) $139.8 million for contributions recorded by Newmont that were classified as debt by NTP. Certain of these amounts are amortized or depreciated on a unit-of-production basis. (See Note 15 for a description of Newmont s equity income (loss) in Batu Hijau, where the net income (loss) reflects the elimination of interest between PTNNT and NTP).

PTNNT s senior debt $1.0 billion project financing facility was guaranteed by Newmont and its partner until project completion tests were met in October 2000, at which time such debt became non-recourse to Newmont. Scheduled repayments of this debt are in semi-annual installments of $43.4 million through November 2010, and $22.1 million from May 2011 through November 2013.

On May 9, 2002, PTNNT completed a restructuring of its $1.0 billion project financing facility that provides PTNNT the capability to defer up to a total of $173.5 million in principal payments scheduled for 2002 and 2003. Any deferred principal amounts will be repaid between 2004 and

2010. Under this restructuring, PTNNT is not permitted to pay dividends or make other restricted payments to NTP s partners as long as any amount of deferred principal is outstanding. However, there is no restriction on prepaying any of the deferred principal amounts. Amounts outstanding under the project financing facility total $913.3 million at September 30, 2002.

Newmont and its partner provide a contingent support line of credit to PTNNT. During the first nine months of 2002, Newmont funded $24.8 million under this contingent support facility as its pro-rata share for capital expenditures. Additional support from NTP s partners available under this facility amounts to $115.0 million, of which Newmont s pro-rata share is $64.7 million.

In the fourth quarter of 2002, NTP determined that PTNNT had incorrectly included material other than proven and probable reserves in its depreciation and deferred stripping calculations. NTP also determined that PTNNT had incorrectly included third party smelting and refining charges as a component of production costs when such charges are more properly reflected as a reduction of revenue based on the terms of NTP s sales contracts. Furthermore NTP determined that PTNNT had incorrectly excluded DD&A as a capitalized cost in inventory. As result, NTP restated its financial statements from 1999 through September 2002. (See Note 18.)

The following is NTP summarized financial information based on U.S. generally accepted accounting principles:

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
	(unaudited and in thousands)			
Revenues, net of smelter and refining costs (2)	$ 95,922	$ 102,354	$ 261,910	$ 278,885
Revenues from by-product sales credited to production costs	$ 53,836	$ 52,026	$ 113,311	$ 115,100
Net income (loss) before cumulative effect of a change in accounting principle (1)	$ 17,780	$ 5,741	$ 26,531	$ (16,915)
Net income (loss) (1)	$ 17,780	$ 5,741	$ 26,531	$ (16,942)

	At September 30, 2002	At December 31, 2001
	(in thousands)	
	(unaudited)	
Current assets (1)	$ 276,343	$ 162,686
Property, plant and mine development, net (1)	$ 1,680,255	$ 1,737,504
Intangible mineral interests	$ 195,897	$ 202,830
Other assets (1)	$ 284,519	$ 273,737
Debt and related interest to partners and affiliate	$ 258,583	$ 254,891
Other current liabilities (1)	$ 95,775	$ 124,153
Long-term debt-third parties (including current portion)	$ 935,771	$ 935,771
Other liabilities (1)	$ 80,603	$ 163,993

(1) As restated. See Note 18.
(2) As restated to reflect smelting and refining costs as a reduction of revenue.

The Batu Hijau operation produces a metal concentrate, which contains payable copper and gold and minor values of payable silver. PTNNT has entered into long-term contracts for the sale of these metal concentrates with highly reputable refiners in Japan, Korea, Australia, China (Non-European Refiners) and Europe (European Refiners). In accordance with the contracts, title to the concentrates and the risk of loss are passed to the buyer when the concentrates are moved over the vessel s rail at the Port (loading Port for Non-European Refiners and unloading Port for European Refiners). The contract terms provide that 90% of a provisional sales price, which is calculated in accordance with terms specified in the individual contracts based on an initial assay and weight certificate, is collected within three business days after the concentrates arrive at the smelter (final delivery). Factors entering into the calculation of the provisional sales price are (1) metals prices, pursuant to the terms of related contracts, calculated using quoted London Metals Exchange (LME) prices for the second calendar week prior to shipment and (2) treatment and refining charges. The balance of the sales price is received at final settlement and is based on final assays and weights, and final metal prices during the respective metal quotational periods. The quotational period for copper is the average LME price in the third month following the month of final delivery. The quotational period for gold and silver is the average LME price in the month of shipment. Final delivery to Non-European Refiners and European Refiners takes approximately 14 days and 30 days, respectively. The majority of the Batu Hijau concentrates are shipped to Non-European Refiners. Accordingly, the time between initial recording of revenue and final settlement averages approximately three and one-half months but could be as long as four months.

In accordance with U.S. Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), certain conditions must be met prior to recognizing revenue. These conditions are persuasive evidence of a contract exists; delivery has occurred; the price is fixed or determinable; and collectability is reasonably assured. In accordance with SAB 101, PTNNT recognizes metal sales revenues following: (1) the passage of title after the loading or unloading of the concentrates, (2) issuance of an initial assay and weight certificate, and (3) issuance of a provisional invoice. At this point in time, the sales price is determinable since it is based on defined contract terms, initial assays are available, and it can be reasonably estimated by reference to published price indices on actively and freely traded commodity exchanges. Additionally, there is no significant uncertainty as to collectability given that all of the refiners are of high-credit quality and that 90% of the provisional price is paid within 3 days of final delivery at the refiner.

Concentrate sales are initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales prices are made to take into account metal price changes, based upon the month-end spot price and metal quantities upon receipt of the final assay and weight certificates, if different from the initial certificate. PTNNT previously marked to market its provisional sales based on the month end spot prices. Effective January 1, 2002, PTNNT changed its methodology to mark to market its provisional sales based on the forward price for the estimated month of settlement. This change in methodology did not have a material effect on net income for the nine months ended September 30, 2002. The principal risks associated with recognition of sales on a provisional basis include metal price fluctuations between the date recorded and the date of final settlement. In addition, in the event of a significant decline in metal prices between the provisional pricing date and the final settlement-pricing period, it is reasonably possible that PTNNT would be required to return a portion of the sales proceeds received based on the provisional invoice. For the nine months ended September 30, 2002 and 2001, PTNNT had recorded revenues of $85 million and $71 million, respectively, which were subject to final pricing adjustments. The average price adjustment for copper was 2.8% and (3.9%) for the nine months ended September 30, 2002 and 2001, respectively. The average price adjustment for gold was 1.3% and (0.2%) for the nine months ended September 30, 2002 and 2001, respectively.

PTNNT s sales based on a provisional sales price contain an embedded derivative which is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of the concentrates at the forward LME price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked-to-market through earnings each period prior to final settlement. At September 30, 2002, PTNNT had consolidated embedded copper derivatives on 129 million pounds recorded at an average price of $0.66 per pound. These derivatives are expected to be finally priced during the fourth quarter of 2002. A one- cent movement in the average price used for these derivatives will have an approximate $0.8 million impact on PTNNT s 2002 net income.

Revenue from the sale of by-products, consisting of gold and silver, is credited to production costs applicable to sales in the determination of net income for each period presented. These by-product commodities represented 56% and 51% of sales, net of smelting and refining charges, and reduced production costs by 72% and 70% for the three-month periods ended September 30, 2002 and 2001, respectively, and 43% and 41% of sales, net of smelting and refining charges, and reduced production costs by 58% and 51% for the nine-month periods ended September 30, 2002 and 2001, respectively. Gold and silver revenues are significant to the economics of the Batu Hijau operations. At current copper prices, the Batu Hijau operation would not be profitable without these credits.

PTNNT does not acquire, hold or issue financial instruments for trading or speculative purposes. Financial instruments are used to manage certain market risks resulting from fluctuations in commodity prices (such as copper and diesel fuel) and foreign currency exchange rates. Copper is an internationally traded commodity, and its prices are effectively determined by the LME. On a limited basis, PTNNT hedges sales commitments by entering into copper swap contracts. These swap contracts are generally settled against the LME average monthly price in accordance with the terms of the contracts. Currently, PTNNT has put in place derivative instruments against the price of copper, Australian dollar and some of its diesel purchases. The derivative instruments on the Australian dollar relate to Australian denominated purchases.

Consistent with the contracts described above, PTNNT entered into a series of copper hedging transactions that were completed by September 30, 2002.

In 2001, PTNNT purchased A$15 million at an average price of US$0.4971. Those contracts covered 1.5 million Australian dollars each month and were designated a cash flow hedges with the net effect of marking to market the contracts recorded in *Accumulated other comprehensive income*. The outstanding Australian dollar contracts at September 30, 2002 in the amount of US$0.8 million (A$1.5 million) were settled in October 2002.

PTNNT entered into two diesel hedging contracts for 360,000 barrels each at a fixed price of US$27.39 per barrel and US$27.98 per barrel, respectively. Each of these contracts covers purchases of 15,000 barrels monthly and will expire in August and September of 2003, respectively. Each contract is settled monthly. At September 30, 2002, 345,000 barrels are outstanding for these contracts.

TVX Newmont Americas

At September 30, 2002, Newmont has a 49.9% interest in TVX Newmont Americas. The principal assets of TVX Newmont Americas are interests in the following operating gold mines in South America and Canada:

Mine	Interest of TVX Newmont Americas	Location
Paracatu	49%	Brazil
Crixas	50%	Brazil
La Coipa	50%	Chile
Musselwhite	31.9%	Canada
New Britannia	50%	Canada

On January 31, 2003, Newmont sold its 49.9% interest in TVX Newmont Americas (see Note 21).

Echo Bay Mines Ltd.

Newmont obtained a 48.8% interest in Echo Bay through its acquisition of Franco-Nevada in February 2002. Franco-Nevada purchased capital securities debt obligations of Echo Bay with face value of $72.4 million in June 2001. In January 2002, $4.6 million of these capital securities debt obligations were sold. Newmont acquired Franco-Nevada s remaining holdings of Echo Bay s capital securities debt obligations in connection with Newmont s acquisition of Franco-Nevada. Subsequent to this acquisition, an agreement was reached with Echo Bay and the capital securities holders to exchange the capital securities debt obligations for common stock of Echo Bay. This exchange of capital securities debt obligations for common stock occurred on April 3, 2002 and resulted in Newmont Mining Corporation of Canada Limited (a wholly-owned subsidiary of Newmont Mining Corporation) owning 48.8% of Echo Bay which decreased to 45.3% as of September 30, 2002 as a result of equity issuances by Echo Bay. From April 3, 2002, Newmont Mining Corporation of Canada Limited has accounted for its investment in Echo Bay under the equity method.

On January 31, 2003 Newmont exchanged its investment in Echo Bay for an interest in Kinross Gold Corporation (see Note 21).

Australian Magnesium Corporation

Newmont has a 22.8% voting interest in Australian Magnesium Corporation (AMC), which raised equity to support the development of a project involving a proprietary chemical and dehydration process for producing anhydrous magnesium chloride as feed for an electrolytic cell to produce molten magnesium metal and magnesium alloys. Newmont has an obligation to contribute to AMC A$100 million (approximately $54 million) in equity by January 31, 2003. Newmont is guarantor of AMC s subsidiary, QMC Finance Pty. Limited s

(QMC), A$71 million (approximately $39 million) corporate facility. Newmont provided an A$90 million (approximately $49 million) contingency equity commitment in the event the project does not achieve certain specified production and operating criteria by December 2006, which commitment is being renegotiated to provide for an A$75 million convertible debt and equity facility. Newmont has also guaranteed a $30 million obligation payable by AMC to Ford Motor Company in the event the project does not meet certain specified production and operating criteria by November 2005.

A series of foreign exchange contracts have been entered into by QMC. All obligations related to these contracts have been guaranteed by Newmont Australia and certain of its wholly-owned subsidiaries. These contracts are designed to convert the receipt of Euro dollars and US$ revenue from the sale of magnesium into A$ cash flows to cover A$ operating costs and the servicing of A$ denominated debt. The contracts include foreign exchange forward contracts and bought put options. As of September 30, 2002, the fair value of the contracts was a negative A$15.4 million (approximately $8.5 million).

On January 3, 2003, Newmont contributed A$100 million to AMC, increasing its ownership percentage. Newmont s ownership percentage was then subsequently decreased (see Note 21).

(8) Long-Term Debt

A summary of Newmont s debt is as follows:

	September 30, 2002	December 31, 2001
	(in thousands)	
	(unaudited)	
Sale-leaseback of refractory ore treatment plant	$ 307,880	$ 318,092
8.375% debentures, net of discount	204,860	200,583
8.625% notes (2002)		150,000
8.625% notes, due April 1, 2011, net of discount	277,961	272,386
6% convertible subordinated debentures	99,980	99,980
Newmont Australia 7.625% notes, net	152,750	
Newmont Australia 7.5% notes, net	101,890	
Newmont Yandal 8.875% notes, net	237,220	
Medium-term notes	32,000	32,000
Newmont Australia infrastructure bonds	96,170	
Prepaid forward sales obligation (1)	145,000	145,000
Project financings, capital leases and other	181,211	208,240
Interest rate swaps	(10,563)	588
	1,826,359	1,426,869
Current maturities	(100,931)	(192,151)
	$ 1,725,428	$ 1,234,718

(1) As restated. See Note 18.

Scheduled minimum long-term debt repayments are $22 million for the remainder of 2002, $79 million in 2003, $166 million in 2004, $494 million in 2005, $95 million in 2006, $71 million in 2007 and $899 million thereafter.

In April 2002, Newmont repaid its $150 million 8.625% notes. In May 2002, Newmont repaid the $170.6 million outstanding under the A$490 million committed revolving multi-option facility, closed it, and increased the Newmont $600 million facility to $750 million, with the addition of a $150 million Australian bank tranche. In 1998, Newmont Australia issued guaranteed $100 million seven year notes at 7.5% interest and $150 million ten year notes at 7.625% interest. Interest is paid semi-annually. At September 30, 2002, Newmont Australia had $48 million of debt outstanding for project financing.

In March 2002, Newmont, through an indirect, wholly-owned subsidiary, made an offer to repurchase any and all of the outstanding 8.875% Senior Notes due 2008 of Newmont Yandal Operations Limited (Newmont Yandal), an indirect wholly-owned subsidiary of Newmont. As of the offer date, $300 million principal amount of notes was outstanding. The repurchase offer was made pursuant to the terms of an Indenture dated as of April 7, 1998, between Newmont Yandal and The Bank of New York, as Trustee. The Indenture requires that Newmont Yandal, following a Change of Control as defined in the Indenture, make an offer to repurchase the notes at a repurchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest to the repurchase date. Although the applicable provisions of the Indenture can be read to the contrary, Newmont took the position that a Change of Control occurred on February 20, 2002 when Newmont acquired control of Normandy. The Indenture provides that Newmont Yandal is not required to make the Change of Control Offer if a third party makes the offer. Newmont s offer, however, should not be construed as a commitment by Newmont to provide ongoing financial or credit support to Newmont Yandal. The Change of Control Offer was open until May 14, 2002 and resulted in redemption of $62.8 million of the outstanding notes.

In July 1999, Newmont entered into a prepaid forward sales contract (Prepaid Forward) under which it agreed to sell 483,333 ounces of gold to be delivered in June of each of 2005, 2006 and 2007 in annual installments of 161,111 ounces. The Prepaid Forward also included semi-annual delivery requirements of 17,951 ounces of gold, beginning June 2000 through June 2007 for a total delivery obligation over the life of the contract of 752,598 ounces. The Company received net proceeds from this transaction of $137.2 million ($145.0 million of gross proceeds before transaction costs of $653,000 and the purchase of a $7.1 million surety bond) that was recorded as deferred revenue, included in the long-term liabilities section of the balance sheet and was to be recognized into income incrementally when the 161,111 ounce annual gold deliveries were made in 2005, 2006 and 2007. At the time the Company entered into the Prepaid Forward, it also entered into a forward gold purchase contract (Forward Purchase), with the same counterparty, to hedge the price risk with respect to the semi-annual delivery requirements. The Forward Purchase provides for semi-annual purchases of 17,951 ounces of gold on each semi-annual delivery date under the Prepaid Forward at prices increasing from $263 per ounce in 2000 to $354 per ounce in 2007. On each semi-annual delivery date, the ounces purchased under the Forward Purchase were delivered in satisfaction of the Company s delivery requirements under the Prepaid Forward. As discussed in Note 18, Newmont determined that the accounting treatment for this transaction required correction as the contract did not meet the technical criteria necessary to be accounted for in the manner reflected in the historical financial statements. To properly account for the transaction, the Company s long-term debt was increased by $145.0 million as the Prepaid Forward and related Forward Purchase are treated under a financing accounting model and accounted for as a single borrowing of $145 million in July 1999, with interest accruing, based on an effective interest rate recognized over the full term of the borrowing. See Note 18 for a complete description of the accounting for the transaction and resulting restatement.

(9) Sales Contracts, Commodity and Derivative Instruments

Newmont generally sells production at spot market prices. Newmont has, on a limited basis, entered into derivative contracts to protect the selling price for certain anticipated gold production and to manage risks associated with sales contracts, commodities, interest rates and foreign currency. In addition, at the time of acquisition, Normandy and its affiliates had a substantial derivative instrument position. Newmont is not required to place collateral with respect to commodity instruments and there are no margin calls associated with such contracts. Credit risk is minimized by dealing only with major financial institutions/counterparties.

Effective January 1, 2001, Newmont adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities to recognize derivative instruments on the balance sheet as either assets or liabilities and measurement at fair value. Unless specific hedging criteria are met, changes in the derivative s fair value are recognized currently in earnings. Gains and losses on derivative hedging instruments are recorded in either other comprehensive income (loss) or current earnings (loss), depending on the nature of the instrument.

Gold Commodity Contracts

The tables below are expressed in thousands of ounces of gold, and prices for contracts denominated in A$ have been translated to US$ at the exchange rate at September 30, 2002 of US$0.54 per A$1. For all floating rate instruments, the average prices quoted are gross contractual prices. The net forward prices ultimately realized on floating gold hedging contracts are the sum of the gross contractual forward prices less any associated future financing costs arising from gold borrowing commitments related to such floating rate instruments. Floating put option valuations include a deferred premium cost which is payable in gold ounces upon expiration of the options.

For the nine months ended September 30, 2002, a net loss of $2.6 million was included in income for the ineffective portion of derivative instruments designated as cash flow hedges and a net loss of $11.7 million for the change in fair value of gold commodity contracts that do not qualify as hedges (included in *Gain (loss) on derivative instruments*). The amount to be reclassified from *Other comprehensive income (loss)* (OCI) to income for derivative instruments during the next 12 months is a debit of approximately $0.4 million. The maximum period over which hedged forecasted transactions are expected to occur is 9.2 years.

Gold Forward Sales Contracts

Newmont had the following gold forward sales contracts at September 30, 2002 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value
Gold Forward Sales Contracts:	**2002**	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**US$ (000)**
(A$ Denominated)								
Fixed Forwards:								
Ounces	272	1,161	1,060	227	52	26	2,798	$ (137,050)
Average price	$ 313	$ 288	$ 288	$ 282	$ 255	$ 244	$ 289	
Floating Rate Forwards:								
Ounces	7	16		61	231	140	455	$ (30,041)
Average price	$ 333	$ 333	$	$ 319	$ 329	$ 338	$ 331	
Synthetic Forwards:								
Ounces		39	80	80	80	160	439	$ (31,245)
Average price	$	$ 301	$ 293	$ 293	$ 293	$ 293	$ 294	
Total:								
Ounces	279	1,216	1,140	368	363	326	3,692	$ (198,336)
Average Price	$ 313	$ 289	$ 288	$ 291	$ 310	$ 308	$ 295	

Notes: *Fixed forward sales contracts* provide for delivery of a specified number of ounces at a specified price and date and are accounted for as cash flow hedges. *Floating rate forward contracts* provide for a gold lease rate component in the price that takes into account market lease rates over the term of the contract. Gold lease rates reflect the borrowing cost for gold. Floating rate forwards are accounted for as cash flow hedges. *Synthetic forward contracts* represent combinations of purchased put options and written call options at the same strike price, maturity date and number of ounces. The combination achieves the same risk management result as gold forward sales contracts.

Gold Put Option Contracts

Newmont had the following gold put option contracts outstanding at September 30, 2002 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value
Put Option Contracts:	**2002**	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**US$ (000)**
US$ Denominated Fixed Purchased Puts:								
Ounces	52	209	203	205	100	20	789	$ (4,145)
Average price	$ 292	$ 292	$ 292	$ 292	$ 338	$ 397	$ 301	
A$ Denominated Fixed Purchased Puts:								
Ounces	37	91	88	49			265	$ (3,776)
Average price	$ 292	$ 300	$ 305	$ 296	$	$	$ 300	
A$ Denominated Floating Purchased Puts:								
Ounces	16	16		207	69	287	595	$ (11,439)
Average price	$ 304	$ 304	$	$ 319	$ 329	$ 330	$ 325	
Total:								
Ounces	105	316	291	461	169	307	1,649	$ (19,359)
Average Price	$ 294	$ 295	$ 296	$ 305	$ 334	$ 334	$ 309	

Notes: *Fixed purchased put option contracts* provide the right, but not the obligation, to sell a specified number of ounces at a specified strike price and are accounted for as cash flow hedges. *Floating forward purchased put option contracts* provide for a variable gold lease rate component in the strike price. These options are accounted for as cash flow hedges.

Convertible Put Options and Other Instruments

Newmont had the following gold convertible put option contracts and other instruments outstanding at September 30, 2002 (unaudited):

Convertible Put Options	Expected Maturity Date or Transaction Date							Fair Value
and Other Instruments:	**2002**	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**US$ (000)**
(A$ Denominated)								
Ounces		46	37	82	65	1,304	1,534	$ (129,457)
Average price		$ 298	$ 298	$ 296	$ 293	$355	$ 346	

Notes: *Convertible put option contracts and other instruments* are composed of: a) Convertible option contracts that provide minimum price protection for covered ounces, while providing the opportunity to participate in higher market prices under certain market conditions, and are accounted for as cash flow hedges; b) *Knock-out/knock-in option contracts* are contingent sold call options that either terminate (or knock-out) and maintain upside gold price potential or convert (or knock-in) to sold call options, depending on certain market conditions, and are marked to market with the change reflected in income; and c) *Indexed forward contracts* that are potentially convertible to purchased put options, depending on the market gold price at set future value dates during the term of the contract, and are marked to market, with the change reflected in income.

Price-Capped Sales Contracts

In mid-1999, Newmont purchased near-term put option contracts for 2.85 million ounces of gold, with a strike price of $270 per ounce. These contracts expired between August 1999 and December 2000. This purchase was paid for by selling call option contracts for 2.35 million ounces at average strike prices ranging from $350 to $386 per ounce. The initial fair value of the put options of $37.6 million was amortized over the term of the options. The call option contracts, with an initial fair value of $37.6 million, were marked to market at each reporting date. Non-cash gains of $0.9 million $1.8 million were recorded for the third quarter and first nine months of 2001, respectively.

In September 2001, Newmont entered into transactions that closed out these call options. The options were replaced with a series of forward sales contracts requiring physical delivery of the same quantity of gold over slightly extended future periods. Under the terms of the contracts, Newmont will realize the lower of the spot price on the delivery date or the capped price ranging from $350 per ounce in 2005 to $392 per ounce in 2011. The fair value of the forward sales contracts of $53.8 million was recorded as deferred revenue and will be included in sales revenue as delivery occurs in 2005 through 2011. The forward sales contracts are accounted for as normal sales contracts under SFAS 133.

Newmont had the following price-capped forward sales contracts outstanding at September 30, 2002 (unaudited):

	Expected Maturity Date or Transaction Date							Fair Value
Price-capped contracts:	**2002**	**2003**	**2004**	**2005**	**2006**	**Thereafter**	**Total/ Average**	**US$ (000)**
(US$ Denominated)								
Ounces				500		1,850	2,350	n/a
Average price	$	$	$	$ 350	$	$ 384	$ 377	

US$/Gold Swap Contracts

Newmont Australia entered into a US$/gold swap contract whereby principal payments on US$ bonds are swapped into gold-denominated payments of 600,000 ounces in 2008. We also receive US$ fixed interest payments and pay gold lease rates, which are indexed to market rates. This instrument is marked to market at each period end, with the change reflected in income, and at September 30, 2002 had a negative fair value of $66.3 million.

Offsetting Commodity Instruments

In December 2001, Newmont entered into a series of equal and offsetting positions with respect to commodity instruments for certain Battle Mountain operations that were outstanding at that time. These contracts effectively closed out the combination matched put and call options and flat forward contracts. The offsetting put and call option contracts were undesignated as cash flow hedges and were subsequently marked to market in earnings. The original forward sales contracts remained designated as normal sales contracts. The offsetting forward purchase contracts were undesignated as hedges and were marked to market through earnings prospectively. Subsequently, during the second quarter of 2002, the majority of these offsetting positions were contractually terminated and effectively closed out. The close out of the flat forward purchase contracts resulted in a $1.9 million realized gain included in *Gain (loss) on derivative instruments* on the Statements of Consolidated Operations for the nine-month period ended September 30, 2002. The remaining flat forward contracts had offsetting fair values, covered approximately 11,000 ounces and were closed out in the quarter ended September 30, 2002 with no impact to income.

Other Sales Contracts, Commodity and Derivative Instruments

Foreign Currency Contracts

Newmont acquired certain cross currency swap contracts in the Normandy transaction intended to hedge the currency risk on repayment of US$-denominated debt. These contracts were closed out during the quarter ended June 30, 2002 for net proceeds of $50.8 million. The contracts were accounted for on a mark-to-market basis until closed out.

Newmont also acquired currency swap contracts to receive A$ and pay US$ designated as hedges of A$-denominated debt. The A$-denominated debt was repaid during the quarter ended June 30, 2002 and the contracts are currently undesignated. The contracts are accounted for on a mark-to-market basis. At September 30, 2002, they had a negative fair value of $28.9 million.

Interest Rate Swap Contracts

In the Normandy transaction, Newmont acquired A$125 million of interest rate swap contracts covering a portion of its US$100 million, 7-year bonds. These contracts were closed out during the quarter ended June 30, 2002 for a net cash out-flow of $1 million. The contracts were accounted for on a mark-to-market basis until closed out.

During the last half of 2001, Newmont entered into contracts to hedge the interest rate risk exposure on a portion of its $275 million 8.625% notes and its $200 million 8.375% debentures. Newmont receives fixed-rate interest payments at 8.625% and 8.375% and pays floating-rate interest amounts based on periodic LIBOR settings plus a spread, ranging from 2.60% to 4.25%. The notional principal amount of these transactions (representing the amount of principal tied to floating interest rate exposure) was $200 million at September 30, 2002. Half of these contracts expire in July 2005 and half expire in May 2011. These transactions resulted in a reduction in interest expense of $1.4 million and $4.2 million for the quarter and the nine-month period ended September 30, 2002, respectively. These transactions have been designated as fair value hedges and had a fair value of $10.6 million and ($0.6) million at September 30, 2002 and December 31, 2001, respectively.

Fuel Hedges

From time to time, Newmont has used certain derivative instruments to hedge a portion of its exposure to fuel price market fluctuations. Newmont had contracts covering approximately 1.8 million gallons of diesel fuel at its Nevada operations at prices ranging from approximately $0.61 to $0.69 per gallon. These transactions were designated as cash flow hedges and had a positive fair value of $1.3 million at December 31, 2001. These contracts expired during the quarter ended September 30, 2002.

(10) Dividends, Interest, Foreign Currency Exchange and Other Income (Loss)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	**2001**	**2002**	**2001**
	(unaudited) (in thousands)			
Interest income	$ 2,920	$ 1,469	$ 10,818	$ 3,177
Foreign currency exchange gain (loss)	2,411	(4,496)	2,426	(5,283)
Gain (loss) on sale of properties	(769)	946	5,633	4,727
Other	3,716	(1,478)	4,659	519
Total	$ 8,278	$ (3,559)	$ 23,536	$ 3,140

(11) Merger and Restructuring Expenses

In conjunction with the Newmont/Battle Mountain merger, expenses of $28.1 million were incurred in the nine months ended September 30, 2001. Total merger expenses of $35.0 million, of which $6.9 million were incurred in 2000, included $19.8 million for investment/professional advisory fees, $11.7 million for employee benefits and severance costs and $3.5 million for office closures and related disposals of redundant assets. Expenses associated with restructuring Newmont s exploration program and a voluntary early retirement program were $32.4 million and included $22.1 million for retirement benefits and $10.3 million for employee severance and office closures. As of September 30, 2002, substantially all obligations associated with the merger have been paid.

(12) Accounting Changes and Recent Accounting Pronouncements

Change In Accounting Policy Property, Plant and Mine Development, Net

During the third quarter of 2002, Newmont changed its accounting policy, retroactive to January 1, 2002, with respect to DD&A of Property, plant and mine development to exclude future estimated development costs expected to be incurred for certain underground operations. Previously, the Company had included these costs and associated reserves in its DD&A calculations at certain of its underground mining operations. In addition, Newmont further revised its policy such that costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are depreciated, depleted or amortized over the reserves associated with the specific ore area. These changes were made to better match DD&A with the associated ounces of gold sold and to remove the inherent uncertainty in estimating future development costs in arriving at DD&A rates. The cumulative effect of this change through December 31, 2001 increased net income during the nine months ended September 30, 2002 by $7.7 million, net of tax of $4.1 million, and increased earnings per basic and diluted common share by $0.02 per share.

The table below presents the impact of the accounting change on Net income before cumulative effect of the accounting change for the three- and nine-month periods ended September 30, 2002 and the pro forma effect for the three- and nine-month periods ended September 30, 2001 as if the change had been in effect for that period (in thousands, except for per share data):

	Three months ended		Nine months ended	
Increase/(Decrease) to net income	**September 30, 2002 (Actuals)**	**September 30, 2001 (Pro forma)**	**September 30, 2002 (Actuals)**	**September 30, 2001 (Pro forma)**
Depreciation, depletion, and amortization	$ (3,377)	$ 250	$ 629	$ 319
Income tax expense	1,182	(88)	(220)	(112)
Net income (loss) before cumulative effect of a change in accounting principle	$ (2,195)	$ 162	$ 409	$ 207
Net income (loss) before cumulative effect of a change in accounting principle per common share, basic and diluted	$ (0.01)	$ 0.00	$ 0.00	$ 0.00

The table below presents pro forma net income and earnings per share before cumulative effect of a change in accounting principle for the three- and nine-month periods ended September 30, 2001 as if the Company had adopted the new accounting method for *Property, plant and mine development, net* as of January 1, 2001:

	Three months ended September 30, 2001		Nine months ended September 30, 2001	
	Net income applicable to common shares before cumulative effect of a change in accounting principle	**Earnings per share before cumulative effect of a change in accounting principle**	**Net loss applicable to common shares before cumulative effect of a change in accounting principle**	**Loss per share before cumulative effect of a change in accounting principle**
As reported	$ 12,102	$ 0.06	$ (72,528)	$ (0.37)
Change in accounting method for *Property, plant and mine development, net*	162	0.00	207	0.00
Pro forma	$ 12,264	$ 0.06	$ (72,321)	$ (0.37)

Recent Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) Nos. 141 and 142, Business Combinations and Goodwill and Other Intangible Assets, respectively. Upon adoption as required on January 1, 2002, the Company reclassified $177.0 million of mineral interest intangible assets, as defined by SFAS 142, from *Property, plant and mine* *development, net* to *Mineral interests and other intangible assets, net*. The Company now amortizes the carrying values of intangible assets taking into account residual values, over their useful lives. As discussed in Note 2, the 2002 acquisitions of Normandy and Franco-Nevada were accounted for as purchases under SFAS 141 and a significant portion of the $4.4 billion purchase price represents goodwill, resulting from the excess of the purchase price over the fair value of net assets acquired. Such goodwill will not be amortized, but will be subject to impairment testing at least annually, as required by SFAS 142.

In August 2001, the FASB issued SFAS No. 143 Accounting for Asset Retirement Obligations, which established uniform methodology for accounting for estimated reclamation and abandonment costs. The statement will be adopted as required on January 1, 2003, when Newmont will record the estimated fair value of reclamation liabilities (asset retirement obligation or ARO) and increase the carrying amount of the related assets (asset retirement cost or ARC) to be retired in the future. The ARC will be depreciated over the life of the related assets and will be adjusted for changes resulting from revisions to either the timing or amount of the original ARO fair value estimate. Newmont expects to record approximately $60 to $75 million in the ARC, net, increases of approximately $110 million to $135 million to the ARO, increases of approximately $1 million to $3 million to accrued liabilities for worker participation bonuses in Peru, increases to deferred tax assets of approximately $10 million to $14 million, a reduction to Newmont s investment in Batu Hijau of approximately $3 million to $9 million, and a reduction in minority interest in subsidiaries of approximately $14 million to $18 million, at January 1, 2003, with a cumulative effect of adoption of approximately $30 million to $40 million to be recorded in results of operations in the first quarter of 2003.

In August 2001, the FASB issued SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets, which established a single accounting model, based on the framework of SFAS No. 121 Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of , for long-lived assets to be disposed of by sale. The statement was adopted January 1, 2002 and there was no impact in the Company s financial position or results of operations upon adoption.

In May 2002, the FASB issued SFAS No. 145 Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. The statement nullified SFAS 4, SFAS 44 and SFAS 64 and established that gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30 Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. The Statement also amends SFAS Statement No. 13 Accounting for Leases to require sale-leaseback accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions and makes technical corrections to various other FASB statements. For the provisions of the statement relating to the extinguishment of debt, SFAS 145 is effective for fiscal years beginning after May 15, 2002. The provisions relating to SFAS 13 are effective for transactions occurring after May 15, 2002, and all other provisions are effective for financial statements issued on or after May 15, 2002. There was no impact in the Company s financial position or results of operations upon adoption.

In June 2002, the FASB issued SFAS No. 146 Accounting for Costs Associated with Exit or Disposal Activities which addressed financial accounting and reporting for costs associated with exit or disposal activities. It nullified Emerging Issues Task Force (EITF) Issue No. 94-3 Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). SFAS 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred rather than at the date of an entity s commitment to an exit plan as was required under EITF No. 94-3. SFAS 146 also establishes that fair value is the objective for initial measurement of the liability. SFAS 146 is effective for exit or disposal activities initiated after December 31, 2002, and we do not anticipate any impact in the Company s financial position or results of operations upon adoption except with respect to those exit or disposal activities that are initiated by the Company after that date.

In December 2002, the FASB issued SFAS No. 148 Accounting for Stock-Based Compensation Transition and Disclosure to provide alternative methods for voluntary transition to the fair value based method of accounting for stock based compensation. SFAS 148 also amends the disclosure provisions of SFAS No. 123 Accounting for Stock-Based Compensation to require prominent disclosure about the effects on reported net income of an entity s accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends APB Opinion No. 28 Interim Financial Reporting, to require disclosure about those effects in interim financial information. SFAS 148 is effective for fiscal years ending after December 15, 2002.

In November 2002, the FASB issued FIN 45 Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements 5, 57, 107 and Rescission of FASB Interpretation No. 34. FIN 45 requires recognition and measurement of guarantees entered into or modified beginning on January 1, 2003 and requires expanded disclosure of guarantees as of December 31, 2002. The Company has conformed its disclosures with respect to guarantees outstanding at December 31, 2002 to the requirements of FIN 45 in its 2002 Annual Report in Form 10-K.

In January 2003, the FASB issued FIN 46 Consolidation of Variable Interest Entities , which provides guidance on the identification of, and financial reporting for, entities over which control is achieved through means other than voting rights. FIN 46 impacts accounting for variable interest entities created after January 31, 2003 and requires expanded disclosure of variable interest entities for financial statement issued after January 31, 2003. The Company has determined that there will be no impact on its financial position and results of operations upon adoption.

(13) Stockholders Equity

Exchangeable Shares

In connection with the acquisition of Franco-Nevada, certain holders of Franco-Nevada common stock received 0.8 of an exchangeable share of Newmont Mining Corporation of Canada Limited (formerly Franco-Nevada) for each share of common stock held. These exchangeable shares are convertible, at the option of the holder, into shares of Newmont common stock on a one-for-one basis, and entitle holders to dividend and other rights economically equivalent to holders of Newmont common stock. At September 30, 2002, the value of these shares was included in *Additional paid-in capital*.

Preferred Stock

In April 2002, Newmont announced the redemption of all issued and outstanding shares of its $3.25 convertible preferred stock as of May 15, 2002. Pursuant to the terms of the convertible preferred stock, Newmont paid a redemption price of $50.325 per share, plus $0.8125 per share for dividends that accrued on the convertible preferred stock at the redemption date. In settlement of the total redemption price of $51.1375 per preferred share, Newmont issued to holders of record 1.9187 shares of its common stock and cash for any remaining fractional interest. This redemption eliminated $7.5 million of annual preferred stock dividends prospectively.

(14) Statement of Other Comprehensive Income (Loss)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	**2001**	**2002**	**2001**
		(unaudited and in thousands) (as restated)		(as restated)
Other comprehensive income (loss), net of tax:				
Realized gain on sale of Lihir marketable securities	$	$	$ (18,273)	$
Unrealized gain (loss) on marketable equity securities	(3,369)	7,670	(656)	16,650
Foreign currency translation adjustments	(14,091)	883	4,034	(5,247)
Changes in fair value of cash flow hedge instruments	(57,983)	(1,764)	(2,842)	685
Total other comprehensive income	$ (75,443)	$ 6,789	$ (17,737)	$ 12,088

(15) Segment Information

Newmont predominantly operates in a single industry as a worldwide corporation engaged in gold production, exploration for gold and acquisition of gold properties. Newmont s major operations are in North America, South America and Australia. Other international mining operations include small gold producing properties in New Zealand, Indonesia, Uzbekistan and Turkey. Newmont also has a base metal operations segment engaged in copper and zinc production, an exploration segment engaged in green fields exploration activities not associated with our existing operating and development properties and a merchant banking segment. Earnings from operations do not include general corporate expenses, interest (except project-specific interest) or income taxes (except for equity investments). In conjunction with the acquisitions described in Note 2, the Company has modified its reporting structure and related segment disclosure.

Financial information relating to Newmont s segments is as follows:

Three Months Ended September 30, 2002

(unaudited and in millions)

	North America			South America			Australia		
	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America	Pajingo	Other Australia	Total Australia
Sales, net	$ 226.7	$ 36.2	$ 262.9	$ 201.6	$ 23.2	$ 224.8	$ 24.6	$ 133.7	$ 158.3
Royalties	$	$	$	$	$	$	$	$ 0.3	$ 0.3
Interest income	$	$ 0.1	$ 0.1	$	$	$	$ 0.1	$ 2.5	$ 2.6
Interest expense	$	$	$	$ 1.6	$	$ 1.6	$	$ 15.6	$ 15.6
Exploration and research expense	$ 4.0	$ 0.1	$ 4.1	$ 3.8	$	$ 3.8	$ 0.8	$ 3.2	$ 4.0
Depreciation, depletion and amortization (1)	$ 32.7	$ 7.9	$ 40.6	$ 24.6	$ 3.5	$ 28.1	$ 7.9	$ 27.8	$ 35.7
Pre-tax income (loss) before minority interest and equity income of affiliates (1)	$ 3.0	$ 3.3	$ 6.3	$ 93.1	$ 8.1	$ 101.2	$ 7.6	$ (12.9)	$ (5.3)
Equity income of affiliates (1)	$	$	$	$	$	$	$	$ 3.2	$ 3.2
Amortization of deferred stripping, net	$ 20.0	$ (0.1)	$ 19.9	$	$	$	$	$	$
Asset write-down (1)	$ 20.4	$ 0.3	$ 20.7	$	$	$	$	$ 0.9	$ 0.9
Capital expenditures	$ 12.7	$ 1.6	$ 14.3	$ 39.7	$ 0.3	$ 40.0	$ 1.2	$ 13.4	$ 14.6
Total assets (1)	$ 1,817.9	$ 156.4	$ 1,974.3	$ 1,131.6	$ 36.4	$ 1,168.0	$ 205.6	$ 2,177.9	$ 2,383.5

	Zarafshan-Newmont	Other International Operations	Total Gold	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Sales, net	$ 22.0	$ 29.9	$ 697.9	$ 14.3	$	$	$	$ 712.2
Royalties	$	$	$ 0.3	$	$	$ 7.4	$ 0.2	$ 7.9
Interest income	$ 0.1	$	$ 2.8	$	$	$ 0.1	$	$ 2.9
Interest expense	$ 0.2	$	$ 17.4	$	$	$	$ 15.7	$ 33.1
Exploration and research expense	$	$ 0.7	$ 12.6	$ 0.5	$ 6.7	$	$ 5.6	$ 25.4
Depreciation, depletion and amortization (1)	$ 2.6	$ 9.3	$ 116.3	$ 5.6	$ 2.1	$ 8.1	$ 1.5	$ 133.6
Pre-tax income (loss) before minority interest and equity income of affiliates (1)	$ 11.0	$ 5.0	$ 118.2	$ (3.5)	$ (8.9)	$ 7.4	$ (67.6)	$ 45.6
Equity income of affiliates (1)	$	$	$ 3.2	$	$	$ 1.1	$ 14.1	$ 18.4
Amortization of deferred stripping, net	$	$	$ 19.9	$	$	$	$	$ 19.9
Asset write-down (1)	$	$ 0.3	$ 21.9	$ 0.1	$	$	$	$ 22.0
Capital expenditures	$ 0.7	$ 4.0	$ 73.6	$ 5.3	$	$ 3.2	$ 15.3	$ 97.4
Total assets (1)	$ 102.9	$ 524.2	$ 6,152.9	$ 485.7	$ 222.8	$ 2,042.8	$ 843.8	$ 9,748.0

(1) As restated. See Note 18.

Three Months Ended September 30, 2001

(unaudited and in millions)

	North America			South America			Australia		
	Nevada	Other North America	Total North America	Yanacocha	Other South America	Total South America	Pajingo	Other Australia	Total Australia
Sales, net	$ 179.7	$ 34.4	$ 214.1	$ 140.2	$ 23.9	$ 164.1	$ 8.1	$	$ 8.1
Royalties	$	$	$	$	$	$	$	$	$
Interest income	$	$ 0.1	$ 0.1	$ 0.5	$ 0.1	$ 0.6	$	$	$
Interest expense (1)	$ 0.1	$	$ 0.1	$ 0.7	$	$ 0.7	$	$	$
Exploration and research expense	$ 3.0	$	$ 3.0	$ 1.7	$ 0.4	$ 2.1	$ 0.4	$	$ 0.4
Depreciation, depletion and amortization (1)	$ 28.3	$ 8.5	$ 36.8	$ 14.3	$ 4.6	$ 18.9	$ 1.0	$	$ 1.0
Pre-tax income (loss) before minority interest and equity income of affiliates (1)	$ (11.8)	$ 0.1	$ (11.7)	$ 60.2	$ 7.0	$ 67.2	$ 2.9	$	$ 2.9
Equity income of affiliates (1)	$	$	$	$	$	$	$	$	$
Amortization of deferred stripping, net	$ 11.8	$ (0.1)	$ 11.7	$	$	$	$	$	$
Asset write-down (1)	$ 2.9	$	$ 2.9	$	$	$	$	$	$
Capital expenditures	$ 12.7	$ 3.0	$ 15.7	$ 73.7	$ 2.2	$ 75.9	$ 0.6	$	$ 0.6
Total assets (1)	$ 1,421.4	$ 173.1	$ 1,594.5	$ 1,018.8	$ 56.9	$ 1,075.7	$ 32.3	$	$ 32.3

	Zarafshan-Newmont	Other International Operations	Total Gold	Base Metals	Exploration	Merchant Banking	Corporate and Other	Consolidated
Sales, net	$ 16.9	$ 21.2	$ 424.4	$	$	$	$	$ 424.4
Royalties	$	$	$	$	$	$	$ 0.3	$ 0.3
Interest income	$ 0.3	$	$ 1.0	$	$	$	$ 0.5	$ 1.5
Interest expense (1)	$ 0.2	$	$ 1.0	$	$	$	$ 23.6	$ 24.6
Exploration and research expense	$	$	$ 5.5	$	$ 2.2	$	$ 5.1	$ 12.8
Depreciation, depletion and amortization (1)	$ 3.1	$ 3.8	$ 63.6	$				